

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 12, 2021

1:31 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Roger Holland, Vice Chair  
Senator Gary Stevens  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

Senator Joshua Revak

**COMMITTEE CALENDAR**

**SENATE BILL NO. 9**

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 9

SHORT TITLE: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG

SPONSOR(s): SENATOR(s) MICCICHE

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	L&C, JUD, FIN
02/12/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

SENATOR PETER MICCICHE

Alaska State Legislature\*  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SB 9.

KONRAD JACKSON, Staff  
Senator Peter Micciche  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for SB 9.

GLEN KLINKHART, Interim Executive Director  
Alcohol and Marijuana Control Board (AMCO)  
Department of Commerce, Community and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions and provided information during the hearing on SB 9.

#### **ACTION NARRATIVE**

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**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at call to order were Senators Holland, Stevens, Gray-Jackson, and Chair Costello.

#### **SB 9-ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG**

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CHAIR COSTELLO announced the consideration of SENATE BILL NO. 9, "An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

She stated that this is the first hearing and the intent is to hear the introduction and hold the bill for further consideration.

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SENATOR PETER MICCICHE, Alaska State Legislature, Juneau, Alaska, sponsor of SB 9, described the legislation as a collaborative, years-long, 16,000 hour effort from a large group of stakeholders to balance the interests of public safety, public health, industry, the ABC Board, AMCO, and the legislature. He said the goals are promoting a fair business climate, protection of health and safety, limiting youth access to alcohol, promoting responsible alcohol use, reducing the harms of over consumption, implementing change without negatively harming existing businesses and responsible operators, and expanding local control for municipalities.

SENATOR MICCICHE related that the key concepts in Title 4 maintains the three tier system to separate manufacturers, wholesalers, and retailers to prevent monopolies. Licensure is restructured and reorganized to make more sense and reflect current business practices. The number of licenses per community is also regulated. He acknowledged that not every person who is part of the industry will like the bill but it has support from the Brewer's Guild, the Alaska Cabaret, Hotel, Restaurant and Retailers Association (CHARR), as well as a large number of municipalities.

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KONRAD JACKSON, Staff, Senator Peter Micciche, Alaska State Legislature, Juneau, Alaska, directed attention to the color-coded sectional analysis for SB 9. He explained that the sections highlighted in yellow are unchanged; they are relocated, renumbered for clarity, and cover one of the goals of the bill. The sections highlighted in green are new concepts. The sections highlighted in red/magenta are existing and new penalties. He emphasized that the penalties for alcohol crimes are not lighter.

He noted that the bill packets also contain a presentation that looks similar to previous years but it is updated and current to SB 9. He asked the chair how she would like him to proceed.

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CHAIR COSTELLO asked him to go through the sectional and state the color of each section so it makes more sense for those listening online.

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MR. JACKSON delivered the following sectional analysis for SB 9, version A:

**Section 1: Declaration of Policy; purpose; finding.** Adds a new section AS 04.06.005 (Pages 1-2)

**Section 2: Amends AS 04.06.020(b)** Relating to the appointment of the public safety sector board member, replaces 'actively engaged in' with 'from'. (Page 2)

**Section 3: Amends AS 04.06.020(c)** Relating to the public safety sector board member, replaces 'actively engaged in' with 'from'. (Page 2)

**Section 4: Amends AS 04.06.020(d)(3)** Expands the definition of "public safety sector" board position to include 'current or former'. (Page 2)

**Section 5: Authority of director.** Adds a new subsection AS 04.06.075 to require that the director of the Alcoholic Beverage Control board (ABC board) shall include in the agency's budget resources for administration, enforcement, education, training, and prevention activities under Title 4. (Page 2)

**Section 6: Delegation of Authority.** Amends AS 04.06.080 to add endorsements to the delegated powers of the director of the ABC board. (Pages 2-3)

**Section 7: Powers and duties.** Amends AS 04.06.090(b) to relocate existing language in 04.11.070 and adds endorsements to the powers of the ABC board. (Page 3)

**Section 8: Powers and duties.** Amends AS 04.06.090(e) to add endorsements. This section requires the board to notify all licensees and municipalities of major changes to Title 4. (Page 3)

**Section 9: Powers and duties.** Amends AS 04.06.090 to add a new subsection (f) that directs the board to prepare a Title 4 education plan for public safety, industry, youth, municipalities, and the public with annual revision. (Page 3)

Adds new subsections (g-j) which direct the board to review fees every 5 years, allow opinions on legislation amending this title, requires the board to provide notice of violations to licensees after

receiving from the court system, and to post FASD information online. (Pages 3-4)

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**Section 10: Statewide database.** Amends AS 04.06.095 to allow for certain information from the statewide database to be retained for 10 years, only identifying information will be purged annually. Adds a reference to a package store shipping endorsement. (Pages 4-5)

**Section 11: Statewide database.** Adds a new subsection AS 04.06.095(c), which directs the board to produce a report of aggregate regional sales of alcohol in local option areas, based on information retained in database and not including identifying data about an individual purchaser or seller. (Page 5)

**Section 12: Regulations.** Amends AS 04.06.100(b) Regulations, to add endorsements, removes the board's power to create additional licenses and permits in regulation, and adds the power to restrict manufacturing, packaging, sale, and distribution of products containing alcohol intended for human consumption. (Pages 5-6)

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**New Chapter 9: Licenses, Endorsements and Permits.**

**Section 13: Adds the new Chapter 09 to Title 4 - Licenses, Endorsements and Permits.** Relocates and renumbers many existing licenses and permits from Chapter 11. Organizes into articles of licenses listed by the 3 tiers: manufacture, wholesale, retail; endorsements; and permits. (Pages 6-53)

**Article 2. Manufacturer Licenses.**

**AS 04.09.020. Brewery manufacturer license.** Relocates the brewery license from 04.11.130, moves other provisions from current brewery license to new retail license and endorsements, sets the biennial fee at \$1,250 and requires that fermentation must occur on the licensed premises. (Pages 6-7)

**AS 04.09.030. Winery manufacturer license.** Relocates the winery license from 04.11.140, moves other provisions from current winery license to new retail

license and endorsements, sets the biennial fee at \$1,000 and requires that fermentation must occur on the licensed premises. (Page 7)

**AS 04.09.040. Distillery manufacturer license.** Relocates the distillery license from 04.11.160, moves other provisions from current winery license to new retail license and endorsements, sets the biennial fee at \$1,250 and requires that at least 80% of the final product of distilled spirits sold be manufactured on licensed premises in Alaska. (Page 7)

**AS 04.09.050. Authorized sales.** Retains existing privileges for smaller manufacturers to self-distribute to retail, wholesale, permitted and out of state or country licensees. Requires large manufacturers to go through wholesale distributors. (Pages 7-8)

**AS 04.09.060. Unlicensed manufacturing.** Relocates existing penalty for unlicensed manufacture from 04.11.010. (Page 8)

**AS 04.09.080. Unauthorized manufacturer sale.** Defines unauthorized manufacturer sale as violating 04.09.050 and sets the penalty. (Page 8)

**AS 04.09.090. Definition.** Defines "packaging" in this section, which is the process of containing alcoholic beverages in bottles or other containers for sale. (Page 8)

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CHAIR COSTELLO asked what the penalties are in AS 04.09.060 and .080.

MR. JACKSON explained that the penalty in AS 04.90.060 was relocated from AS 04.11.010. AS 04.09.080 is strictly a penalty section that defines unauthorized manufacturer sales as a violation of AS 04.09.050 and establishes a penalty. This is on page 8 of the bill.

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SENATOR HOLLAND asked if the red/magenta highlighting is to draw attention to the penalties, but they are not necessarily new.

MR. JACKSON answered that is correct; the red/magenta highlighting is to point out the penalties. In some cases the penalties are new and some are simply relocated.

CHAIR COSTELLO asked him to specifically mention the new penalties.

MR. JACKSON agreed and said he did not believe any of the previously mentioned penalties were new.

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SENATOR MICCICHE advised that the stakeholders learned that many of the misdemeanors in these sections were never prosecuted so there was no change in behavior. In light of this, they determined that it was easier to impose a fine for an infraction for things like serving an under-age youth or overserving an intoxicated person. The penalties are instantaneous and can be used to change the behavior of problematic operators, he said.

SENATOR MICCICHE noted that servers previously were charged with criminal behavior but there was no connection to the owner of the establishment. Now the penalties are assessed against both the server and the owner so the owner can address ongoing problems in their facility.

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MR. JACKSON continued the sectional analysis for SB 9.

### **Article 3. Wholesale Licenses**

**AS 04.09.100. General wholesale license.** Relocates the general wholesale license from 04.11.160, moves other existing components to other places in the chapter, maintains \$2,000 biennial fee, maintains \$10,000 maximum fee, and reduces annual transaction fees for smaller businesses. (Pages 8-9)

**AS 04.09.110. Limited wholesale brewed beverage and wine license.** Relocates limited wholesale license from previous wholesale license section (AS 04.11.160(b)). In a separate section, maintains \$400 biennial fee, maintains maximum \$10,000 fee, and reduces annual transaction fees for smaller businesses. (Pages 9-10)

**AS 04.09.120. Annual fee and affidavit.** Relocates existing affidavit requirement from previous wholesale licenses section (AS 04.11.160(c)-(d)), requires a

wholesale licensee to submit an affidavit to the board stating total value of annual sales, including tax. (Pages 10-11)

AS 04.09.130. **Wholesaler supplier declaration.** Relocates the wholesale supplier declaration from previous wholesale licenses section (AS 04.11.160(e)), maintains current fee structure, and simplifies the required reporting process. (Page 11)

**AS 04.09.140. Unlicensed wholesale sale.** Relocates unlicensed wholesale provision from 04.11.010 and maintains penalty. (Page 11)

**AS 04.09.150. Failure to pay annual fee or file affidavit.** States that failure to pay an annual wholesale fee or file an affidavit is a violation and sets the penalty. (Pages 11-12)

**AS 04.09.160. Failure to pay biennial fee or file declaration.** States that failure to pay a biennial fee and failure to file a declaration are violations and sets the penalty. (Page 12)

#### **Article 4. Retail Licensees**

**AS 04.09.200. Beverage dispensary license.** Relocates and simplifies the BDL license language from 04.11.090, maintains the \$2,500 biennial fee, references the multiple fixed counter endorsement, and sets the penalty for unauthorized beverage dispensary activity. Sections in current BDL for bowling alley and hotel licensees relocated to become separate endorsements. (Page 12)

**AS 04.09.210. Restaurant and eating place license.** Relocates license from 04.11.100, sets biennial fee at \$1250, defines the 1:1 food to alcohol ratio, limits the number of annual allowed after-hours entertainment events to six, defines when minors can be on the premises, and sets penalty for failure to comply with license terms. (Pages 12-14)

**AS 04.09.220. Club license.** Relocates license from 04.11.110, sets biennial fee at \$1,500, defines what



qualifies as membership, and sets the penalty for failure to comply with license terms. (Pages 14-16)

**AS 04.09.230. Package store license.** Relocates license from 04.11.150, maintains biennial fee of \$1,500, and sets penalty for failure to comply with license terms. Sections in current AS 04.11.150 for delivery, shipping and other activities relocated to become separate endorsements. (Pages 16-17)

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**AS 04.09.240. Pub license.** Relocates license from 04.11.220, sets biennial fee at \$1,250, and sets penalty for failure to comply with license terms. Adds provision allowing designation of alternating premises, which allows a second location on a university campus that must be operated during mutually exclusive hours from existing license. (Pages 17-18)

**AS 04.09.250. Theatre license.** Relocates license from regulation (3 AAC 304.695), sets biennial fee at \$1,250, defines theater as including live performance events, and sets the penalty for failure to comply with license terms. (Pages 18-19)

**AS 04.09.260. Common carrier dispensary license.** Relocates license from 04.11.180, maintains current fee schedule, removes "vehicle" as a qualifying premises, and sets penalties for unauthorized common carrier dispensary activity and common carrier dispensary noncompliance. (Pages 19-20)

**AS 04.09.270. Sporting activity or event license.** Relocates and renames recreational site license, sets biennial fee at \$1,250, sets penalty for unauthorized sporting event activity, and establishes 8-year sunset dates for licenses issued under former AS 04.11.210 that do not conform to statute. (Page 20)

**AS 04.09.280. Outdoor recreation lodge license.** Relocates license from 04.11.225, sets biennial fee at \$2,500, and sets penalty for unauthorized outdoor recreation lodge activity. (Pages 20-21) AS 04.09.290

Fair license. New license, sets biennial fee at \$1,250  
(Page 21)

**AS 04.09.290 Fair license. New license, sets biennial  
fee at \$1,250** (Page 21)

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**AS 04.09.300. Golf course license. Relocates license  
from 04.11.115,** sets biennial fee at \$1,250, and sets  
**penalty** for failure to comply with license terms.  
(Pages 21-22)

**AS 04.09.310. Destination resort license. Relocates  
license from 04.11.255,** sets biennial fee at \$2,500,  
and sets **penalty** for failure to comply with license  
terms. (Page 22)

**AS 04.09.320. Brewery retail license. Creates new  
license type based on relocated existing language in  
AS 04.11.130 for brewery retail activities,** sets  
biennial fee at \$1,250, requires retail license to be  
adjacent to manufacturing location, **extends brewery  
closing time to 10pm, allows limited presentations,  
classes and fund raising events on premises** and sets  
**penalty** for failure to comply with license terms.  
(Pages 23-24)

**AS 04.09.330. Winery retail license. Creates new  
license type based on existing language in AS  
04.11.140 for winery retail activities,** sets biennial  
fee at \$1,000, requires retail license to be adjacent  
to manufacturing location, defines sales volume limits  
for cider and mead depending on alcohol content,  
**extends winery closing time to 10pm, allows limited  
presentations, classes and fund raising events on  
premises** and sets **penalty** for failure to comply with  
license terms. (Pages 24-25)

**AS 04.09.340. Distillery retail license. Creates new  
license type based on existing language in AS  
04.11.170 for distillery retail activities,** sets  
biennial fee at \$1,250, requires retail license to be  
adjacent to manufacturing location, **extends distillery  
closing time to 10pm, allows limited presentations,  
classes and fund raising events on premises,** and sets  
**penalty** for failure to comply with license terms.  
(Pages 25-26)

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SENATOR MICCICHE highlighted that AS 04.09.320, .330, and .340, extend brewery, winery, and distillery closing time to 10:00 pm and allow limited presentations, classes and fund raising events on premises.

CHAIR COSTELLO asked what the purchase price is for a brewery license, winery license, and distillery license and how those compare to the purchase price of a bar license.

MR. JACKSON said it may take some time to get that information. The renewal fees are set out in the bill and the purchase price of a license is based on market forces.

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MR. JACKSON continued the sectional analysis for SB 9.

**AS 04.09.350. Beverage dispensary tourism license.** Relocates license from AS 04.11.400(d), maintains biennial fee at \$2,500, maintains exemption from number of rooms required for renewing licenses, and sets penalty for unauthorized beverage dispensary activity. Other language in AS 04.11.400(d) relocated to Hotel or Motel Endorsement. (Pages 26-28)

**AS 04.09.360. Seasonal restaurant or eating place license.** Creates new license type, sets biennial license fee at \$1,250, defines which communities can qualify for having this license type, sets out formula for determining number of allowed licenses per community, and sets penalty for failure to comply with license terms. (Pages 28-30)

**AS 04.09.370. Winery direct shipment license.** Creates new license type authorizing direct to consumer (including online) sales of wine for in-state or out-of-state winery, sets biennial license fee at \$200, directs the board to develop an application form specifically for this license, prohibits sales by this license type to local option areas, and sets penalty for failure to comply with license terms. (Pages 30-32)

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## **Article 5. Endorsements.**

AS 04.09.400. **Types of endorsements.** Defines **endorsements**, clarifies that endorsements must be exercised with a license. (Pages 32-33)

AS 04.09.410. **Manufacturer sampling endorsement.** Creates new endorsement for onsite sampling **relocated with existing language from manufacturing licenses**, defines per person per day volume limits by product type, sets biennial fee at \$200, sets **penalties** for unendorsed sampling and endorsement noncompliance. (Pages 33-34)

AS 04.09.420. **Multiple fixed counter endorsement.** Creates new endorsement for multiple fixed counters with **language relocated from duplicate license section in AS 04.11.090**, sets biennial fee at \$200, sets initial application fee of \$1,250 per counter, sets **penalties** for endorsement noncompliance and unendorsed service. (Pages 34-35)

AS 04.09.430. **Hotel or motel endorsement.** Creates new **endorsement** using some language relocated from AS 04.11.090, sets biennial fee at \$200, sets **penalties** for unendorsed hotel or motel service and endorsement noncompliance. (Pages 35-36)

AS 04.09.440. **Large resort endorsement.** Creates new **endorsement** using some language relocated from AS 04.11.090, defines a large resort, sets biennial fee at \$200, sets **penalties** for unendorsed large resort service and endorsement noncompliance. (Pages 36-37)

AS 04.09.450. **Restaurant endorsement.** Creates new **endorsement** using language from the **Restaurant Designation Permit currently in regulation**, defines which license types may qualify for the endorsement, sets biennial fee at \$200, defines situations in which minors may be present on licensed premises for employment or dining, and sets **penalties** for unendorsed restaurant service and endorsement noncompliance. (Pages 37-39)

AS 04.09.460. **Package store shipping endorsement.** Creates new endorsement by relocating language from AS

04.11.150, allows licensees to accept online orders, sets biennial fee at \$200, maintains requirement to enter orders to customers in local option areas in written order database, and sets penalties for unendorsed package store shipping and endorsement noncompliance. (Pages 39-40)

AS 04.09.470. Package store delivery endorsement. Creates new endorsement by relocating language from AS 04.11.150, sets biennial fee at \$200, sets penalties for unendorsed package store delivery and endorsement noncompliance. (Pages 40-41)

AS 04.09.480. Package store repackaging endorsement. Creates new endorsement by relocating language from regulation, sets biennial fee at \$200, sets penalties for unendorsed package store repackaging and endorsement noncompliance. (Pages 41-42)

AS 04.09.490. Package store sampling endorsement. Creates new endorsement, defines per person per day volume limits by product type, sets biennial fee at \$200, sets penalties for unendorsed package store sampling and endorsement noncompliance. (Pages 42-43)

AS 04.09.500. Bowling alley endorsement. Creates new endorsement using language from AS 04.11.090, sets biennial fee at \$200, sets penalties for unendorsed bowling alley service and endorsement noncompliance. (Pages 43-44)

AS 04.09.510. Golf course endorsement. Creates new endorsement using language from AS 04.11.115, allows a beverage dispensary to serve alcoholic beverages on its course, sets biennial fee at \$200, and sets penalties for unendorsed golf course service and endorsement noncompliance. (Page 44)

AS 04.09.520. Brewery repackaging endorsement. Creates new endorsement by relocating language from AS 04.11.135, limits availability to licensees currently operating brewpubs as of the bill's effective date, sets biennial fee at \$200, sets penalties for

unendorsed brewery repackaging and endorsement noncompliance. (Pages 44-45)

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CHAIR COSTELLO asked, in the interest of time, if he would review just the new sections highlighted in green and skip the sections highlighted in yellow that were renumbered and relocated but the content was unchanged.

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MR. JACKSON agreed and moved to the new music festival permit in Article 6.

#### **Article 6. Permits**

**AS 04.09.645. Music festival permit.** Creates a new permit, allows a restaurant or eating place to serve beer or wine at a festival held off the holder's licensed premises. Requires the festival must take place in an unorganized borough, may not exceed four days, festival must have taken place at the same location for at least the last ten years. (Page 48)

MR. JACKSON described the new music festival permit as Chickenstock.

**AS 04.09.650. Nonprofit organization event permit.** Relocates special events permit from 04.11.240 and renames, simplifies existing language for application process. Expands the number of nonprofit organization event permits per year. (Pages 48-49)

**AS 04.09.670. Package Store Tasting event permit.** Creates new permit, allows a package store to host a tasting event on the package store's licensed premises with service from its own inventory, sets a time limit and food requirement, and limits to six events per license per year. (Page 50)

**AS 04.09.685. Live music or entertainment permit.** Creates new permit, allows holders of a brewery retail license, winery retail license or distillery retail license to hold up to four live entertainment events per year, on premises, between the hours of 9am and 10pm on a single day. (Page 51)

AS 04.09.700. **Failure to comply with a permit requirement.** Sets the penalties for failure to comply with permit requirements. (Page 52)

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#### Article 7. Common Carrier Approval

AS 04.09.750. **Common carrier approval.** Requires the board to approve a common carrier to transport and deliver alcoholic beverages to consumers within the state in response to a consumer's order, and sets requirements and penalties for common carriers. (Pages 52-53)

#### Article 8. Prohibited Acts.

AS 04.09.850. **Unlicensed retail sale.** (a) A person commits the crime of unlicensed retail sale if the person knowingly operates without the appropriate license a retail operation that requires a license under this chapter. **Unlicensed retail sale is a class A misdemeanor.** (Page 53)

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MR. JACKSON advised that bill sections 14 through 24 in Chapter 11 on pages 8-9 of the sectional address penalties, none of which are new. They are simply reordered and renumbered.

**Section 26: Application for new license or permit.** Amends AS 04.11.260 to exempt winery direct shipment license from the application process for other license types, defined instead in AS 04.09.360 (Page 58)

**Section 28: Application for renewal of license or permit.** Amends AS 04.11.270 to exempt winery direct shipment license from the renewal process, defined instead in AS 04.09.370. (Page 59)

**Section 30: Adds a provision for automatic transfer of a REPL or seasonal REPL license** if the board takes no action within 90 days. (Pages 59-60)

MR. JACKSON explained that REPL stands for restaurant eating place license.

**Section 31: Criminal justice information and records.** Amends AS 04.11.295(a) to clarify issuance and renewal

of a conditional contractor's permit as it pertains to criminal justice information records. (Page 60)

**Section 32: Criminal justice information and records.** Amends AS 04.11.295(c)(1) adds reference to conditional contractor's permit to the definition of "applicant." (Page 60)

**Section 33: Notice of application.** Adds new subsection AS 04.11.310(c) to exempt winery direct shipment license from notice requirements that do not pertain to this type of license. (Page 60)

**Section 34: False statement on application.** Adds a new subsection to AS 04.11.315, relocating AS 04.16.210 and defines the crime of making false statements on an application as perjury, with the existing felony C penalty defined in AS 11.56.200. (Pages 60-61)

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MR. JACKSON turned to page 11 of the sectional.

**Section 40: Denial of license or permit renewal.** Adds new subsection 04.11.330 (e) to exempt a winery direct shipment license from certain provisions in the denial of an application section that do not pertain to this type of license. (Page 64)

**Section 48: Adds a new subsection AS 04.11.395(b) to allow the board delegate authority to the director to impose conditions or restrictions on any permit other than a conditional contractor's permit.** The director reviews permit applications and issues all permits. (Page 69)

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**Section 50: Population limitations.** Amends AS 04.11.400(a) (duplicate section), to edit subsection references, adds new population limit of 1:12,000 for new manufacturer retail licenses, adds licenses exempt from population limits and exempts local option populations from retail calculations. [Effective with other licensing changes, 1/1/2023] (Pages 71-72)

**Section 51: Population limitations.** Repeals and reenacts AS 04.11.400(i) to list licenses exempt from population licenses, wholesale licenses limits,



including manufacturer (production only) and currently exempt retail licenses that primarily cater to tourists and travelers. (Pages 72-73)

**Section 52: Population limitations.** Amends AS 04.11.400(k) to edit reference to beverage dispensary license, allows relocation of a package store, lowers borough threshold population for qualifying boroughs, restricts number of licenses eligible for transfer to those exceeding population limits and defines number of allowed transfers by city, not borough. (Page 73)

**Section 53: Petition for additional restaurant or eating place licenses for certain local governing bodies.** Adds new section AS 04.11.405 that gives first class cities, home rule cities, or unified municipalities the ability to petition the board for additional restaurant or eating place licenses allocated to their jurisdiction. [Effective immediately] (Pages 73-75)

MR. JACKSON described Section 53 as a key part of the bill because it provides municipalities the ability to petition for restaurant or eating place licenses beyond the current population cap.

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**Section 58: Person and location.** Amends AS 04.11.430 to allow licenses to be issued to government entities and tribal organizations. Place residency requirements on corporations and limited liability organizations. Adds a reference to endorsements in relation to information required, including telephone number, and email address. [Effective immediately] (Page 76)

**Section 59: Prohibited financial interest.** Amends AS 04.11.450(b) to clarify that a wholesaler cannot own a manufacturer license or a retail license, removes restrictions on manufacturers owning a retail license, and removes references to repealed licenses. (Page 77)

**Section 61: Prohibited financial interest.** Adds new subsections to AS 04.11.450 (g-h) to restrict manufacturers above a certain annual production level from owning a wholesale license or retail license, and defines thresholds for production by product type. (Pages 77-78)

**Section 62: Prior public approval.** Amends AS 04.11.460 to exempt a winery direct shipment license boundary restrictions that do not pertain to this type of license. (Page 78)

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MR. JACKSON moved to Chapter 16 on page 15 of the sectional.

**Chapter 16: Regulation of Sales and Distribution;**  
**Prohibited Acts**

**Section 84: Hours of sale and presence on licensed premises (standard closing hours).** Amends AS 04.16.010(c) to clarify the hours that a person cannot be on the licensed premises outside of allowed operating hours (8:00 a.m. to 5:00 a.m.) unless to conduct business with the licensee, maintenance or improvements or is the holder of a common carrier license, and adds restaurant endorsement reference. References new subsection (e) to AS 01.16.010. (Pages 87-88)

SENATOR MICCICHE clarified that Section 84 allows someone to come into a business to do maintenance, which the statute previously did not allow.

**Section 85: Hours of sale and presence on licensed premises.** (Standard closing hours) Adds new subsections (e) and (f) to clarify the hours that a person cannot be on the licensed premises outside of allowed operating hours (10:00 p.m. to 9:00 a.m.) of a brewery, winery or distillery retail establishment unless to conduct business with the licensee, maintenance or improvements. Amends AS 04.16.010 to add new a penalty section (f), making it a violation. (Page 88)

**Section 87: Pricing and marketing of alcoholic beverages.** Amends AS 04.16.015 by adding a new subsection (e) to set the penalty for violating this section as a violation. (Page 89)

**Section 88: Trade practices.** Adds a new section AS 04.16.017 to specify illegal practices by manufacturers and wholesalers as defined in federal law, and directs the board to adopt regulations defining exceptions to these rules and define administrative penalties for violations. (Pages 89-91)

**Section 90: Online sale and purchase of alcoholic beverages.** Adds a new section AS 04.16.022 prohibiting online purchase and sale to Alaska consumers unless the licensee has a winery direct shipment license or package store shipping endorsement and sets penalties. (Page 91)

**Section 91: Illegal presence on premises involving alcoholic beverages.** Amends AS 04.16.025(a) to add statutory references to all penalties involving sale without a license. (Pages 91-92)

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**Section 97: Access of persons with restriction on purchasing alcohol.** Amends AS 04.16.047 to reference the existing penalty for entering and remaining on licensed premises defined in AS 04.16.160 by adding new subsections (d-e). (Page 93)

MR. JACKSON advised that the references to the new subsections in Section 97 relate to the provision allowing access to a facility after hours for maintenance.

SENATOR MICCICHE clarified that lower level misdemeanors will change to a penalty, but serious offenses will still be a misdemeanor. Title 4 offenses that previously were felonies will continue to be felonies. The penalties for abusing the alcohol laws are scaled accordingly.

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MR. JACKSON moved to Section 112 on page 17 of the sectional.

**Section 112: Prohibition of bottle clubs.** Adds new subsections to AS 04.16.090 (d-e) to define the crime of maintaining a bottle club, relocates and maintains current penalty. (Page 98)

**Section 113: Sale of certain alcoholic beverages prohibited.** Amends AS 04.16.110 by adding new

**subsection** to define sale of a prohibited alcoholic beverage, relocates and maintains current penalty. (Page 98)

**Section 114: Removal or introduction of alcoholic beverages.** Amends AS 04.16.120 by adding new subsections (d-g) to define removal or introduction of alcoholic beverages, sets penalty and exemptions. (Pages 98-99)

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MR. JACKSON noted that he was only highlighting the new penalties.

**Section 121 Restriction on purchasing alcoholic beverages.** Amends AS 04.16.160 to add new sections (cd) to maintain existing penalty for noncompliance on a restriction for purchasing alcohol. (Page 100)

**Section 125: Restrictions on purchase and sale of alcoholic beverages.** Amends AS 04.16.172 to add new subsections (b-c) to maintain the existing misdemeanor A penalty for violating this section. (Page 101)

**Section 126: Furnishing alcoholic beverages in aid of gambling enterprise.** Amends AS 04.16.175 to add new subsections that maintain the existing misdemeanor A penalty for the crime of furnishing an alcoholic beverage in aid of a gambling enterprise. (Page 101)

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## Chapter 21: General Provisions

**Section 134: Keg registration.** Adds a new section 04.21.012 establishing a keg registration process including proof of age, registration form requirements, identification tags, and establishes the penalties for possession and sale of alcoholic beverages in an unregistered keg. (Pages 105-106)

**Section 139: Alcohol server education course.** Amends section AS 04.21.025(c) to require permittees (along with licensees, agents, and employees) to take and pass an alcohol server education course within 30 days after being licensed, permitted, or employed. Additionally, a person may not sell or serve alcoholic beverages, or check the ID of a patron at a permitted

event unless that person possesses a valid alcohol server card. (Page 107)

**Section 148: Definitions.** Amends AS 04.21.080(b) with definitions: bona fide restaurant, brewed beverage, calendar year, cider, distilled spirit, golf course, kombucha, mead, sake, and wine. (Pages 111-112)

### Changes to Other Titles

**Section 159: Winery direct shipment tax; statement; audit.** Adds a new section AS 43.60.060 to establish tax collection on direct wine shipments from out of state business holding this license and outlines requirements for the Department of Revenue. (Page 118)

[2:10:17 PM](#)

MR. JACKSON advised that Section 160 through the last page of the sectional has some uncodified law changes, transition language, and effective dates, all of which have been updated from prior versions of the bill.

[2:11:10 PM](#)

SENATOR GRAY-JACKSON asked why some breweries aren't happy with the bill.

SENATOR MICCICHE said the point was that some individuals in each license type might be unhappy, but the groups that represent those businesses support the bill.

SENATOR GRAY-JACKSON said she asked because the breweries that emailed her last year did not seem to have an issue.

SENATOR MICCICHE said most of the emails he received from breweries were to request the changes that appear in this bill. These are such things as the two extra hours of operation and the ability to have entertainment on site.

[2:14:30 PM](#)

SENATOR STEVENS asked what happened to the bill last year.

SENATOR MICCICHE replied the previous bill passed the Senate unanimously and went through the House committee process unchanged, but time ran out due to COVID-19.

CHAIR COSTELLO requested a sheet that spells out the acronyms used in the sectional and any other supporting documents and

communications, and a list of the membership of the organizations such as CHARR and the Brewers Guild that worked on the bill. She also asked what areas of the legislation caused the most concern in the past.

SENATOR MICCICHE said it was difficult initially because each group was trying to amend the bill to put other groups out of business. He said the current bill provides for licenses, permits, and endorsements. Endorsements create some consistency for the licenses and permits to add to what is offered to the customer without having a Chickenstock issue. For example, now there will be a fair license and an event license where people can do those things.

CHAIR COSTELLO asked for an explanation of Chickenstock.

SENATOR MICCICHE replied that there is a large event in Chicken Alaska each summer and the way that licensee has provided service has caused difficulties and sometimes was illegal for a short time. The Chickenstock type of activity is now included in the fair license. He reminded members that there was a Chickenstock amendment in a previous bill.

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CHAIR COSTELLO asked for a description of the event.

SENATOR MICCICHE said he believes it is a typical Alaska music event that provides a reason to drive your motorhome to a place you wouldn't normally go and perhaps buy jewelry from vendors.

SENATOR HOLLAND asked for further explanation of the provision that allows municipalities to apply for an additional license.

SENATOR MICCICHE said the bill has a couple of provisions that support municipalities' efforts to grow commerce responsibly. One is that unused borough licenses that are outside a city may be moved into the city. Another provision allows municipalities that are growing rapidly to petition the board every ten years for additional licenses.

SENATOR HOLLAND asked if this was a restriction to control growth.

SENATOR MICCICHE answered no; it is an expansion. This is a way for communities that have reached their cap to request additional licenses.

SENATOR STEVENS mentioned the effects of COVID-19 on alcohol license holders generally and asked if that may be reflected in the bill.

[2:24:57 PM](#)

SENATOR MICCICHE said some license holders received temporary and expanded regulations such as off-site or drive-up sales, but it depended on the municipal controls. He said he was willing to listen to businesses about improving their ability to respond.

MR. JACKSON said the stakeholders supported the very business friendly bill last year before COVID-19 ended the session and he believes the committee will see that support flow over to this bill.

[2:26:45 PM](#)

CHAIR COSTELLO asked either Glen Klinkhart or Melissa Walter who are with the Alcohol and Marijuana Control Office (AMCO) to talk about how often the board meets, the length of the meetings, the workload, and whether or not the combined marijuana and alcohol board is working.

[2:28:35 PM](#)

GLEN KLINKHART, Director, Alcohol and Marijuana Control Office (AMCO), Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, said AMOC is a relatively small organization so the employees have to wear lots of hats, but they have managed to strike a balance to satisfy both industries.

He said he was pleased to see that SB 9 recognizes that the penalties for some low-level crimes were not changing behavior and those crimes were changed to infractions. He also voiced support for holding the licensee responsible for mistakes employees make. He said, "We've been taking some of the things that they mentioned today about penalties and we're working to also transfer that over. So we do a lot of juggling of things like that, trying to make it better."

MR. KINKHART reported that the board meets about four times a year. The members are volunteers from public health, law enforcement, and industry and he has been very impressed by the mix on both boards. They look at problems from different vantage points but find good solutions.

He said COVID-19 threw things into chaos; both boards met from 12 to 14 times to try to help the industry and protect public

safety. Some of the things they did was try to spread people out, curbside delivery, and emergency home delivery. The workload has been considerable. He said he often feels as though he is going from fire to fire, but the staff works hard and both boards are incredible.

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SENATOR STEVENS asked if onsite consumption of marijuana passed.

MR. KINKHART answered that it passed and one or two licenses have been allowed. He offered to follow up with whether those licenses have been implemented.

SENATOR STEVENS asked if he was learning things from the alcohol bill that should be applied to marijuana.

MR. KINKHART answered yes. Changing some of the hammer like criminal penalties for alcohol to infractions is an example of rethinking how to get people to comply. Marijuana on the other hand did not have robust regulations and the fines could be very inconsistent. "Sometimes they were 10 or even 100 times more than a very equal fine or penalty in alcohol." The industry pointed out the unfairness and he had to agree.

MR. KINKHART advised that they have developed a working group to develop similar fines for marijuana as those found in SB 9. The goal is to have two sets of penalties that are reasonable, equitable, and change behavior.

SENATOR STEVENS said it was interesting to learn about the commonalities.

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CHAIR COSTELLO requested a list of the names and addresses of the restaurants and eating places that have transferred ownership, the date of the transfer, and whether the beer and wine license transfer was still pending. She said she was trying to get an idea for how long those license transfers are taking.

MR. KINKHART agreed.

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CHAIR COSTELLO held SB 9 in committee for future consideration.

[2:39:00 PM](#)



There being no further business to come before the committee, Senator Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:39 p.m.